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MARTINEZ EARLY CHILDHOOD CENTER, INC.

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEAR ENDED JUNE 30, 2008

**(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007)**

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Patricia A. Wintroath, CPA

Independent Auditor's Report

November 18, 2008

Board of Directors
Martinez Early Childhood Center, Inc.
Martinez, California 94553

I have audited the accompanying statement of financial position of Martinez Early Childhood Center, Inc. as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Martinez Early Childhood Center, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Organization's June 30, 2007 financial statements and, in my report dated November 8, 2007, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Martinez Early Childhood Center, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 18, 2008 on my consideration of Martinez Early Childhood Center, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of Martinez Early Childhood Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented on page 15 and the additional information is presented on pages 14 - 38 for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133,

Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in conformity with the Audit Guide for Audits of Child Development and Nutrition Programs issued by the California Department of Education, and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Patricia A. Wintroath, CPA

Patricia A. Wintroath, CPA

MARTINEZ EARLY CHILDHOOD CENTER, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

	Unrestricted			Temporarily Restricted Funds		Total All Funds	
	General Fund	Parent Advisory Fund	Property and Equipment	CDE Funds	Other Community Funds	2008	2007
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents (Note M)	\$45,504	\$72,824	\$	\$	\$	\$118,328	\$175,013
Funding and accounts receivable (Note C)				62,724	139,583	202,307	38,904
Due from (to) other funds	182,907			(43,324)	(139,583)	0	0
Prepaid expenses	2,530					2,530	1,784
TOTAL CURRENT ASSETS	230,941	72,824	0	19,400	0	323,165	215,701
PROPERTY AND EQUIPMENT (Notes B and D)			781,034			781,034	650,032
TOTAL ASSETS	\$230,941	\$72,824	\$781,034	\$19,400	\$0	\$1,104,199	\$865,733
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES:							
Accounts payable and accrued liabilities	\$29,713	\$	\$	\$	\$	\$29,713	(\$712)
Accrued vacation (Note F)	14,849					14,849	15,573
CDE Reserve account (Note G)						0	0
Line of credit (Note H)						0	0
Current portion of long term debt (Note I)	4,107					4,107	0
TOTAL CURRENT LIABILITIES	48,669	0	0	0	0	48,669	14,861
LONG TERM DEBT (Note I)	37,286					37,286	0
COMMITMENTS AND CONTINGENCIES (Note K)							
NET ASSETS (Notes B & L)	144,986	72,824	781,034	19,400	0	1,018,244	850,872
TOTAL LIABILITIES AND NET ASSETS	\$230,941	\$72,824	\$781,034	\$19,400	\$0	\$1,104,199	\$865,733

MARTINEZ EARLY CHILDHOOD CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

	Unrestricted			Temporarily Restricted Funds		Total All Funds	
	General Fund	Parent Advisory Fund	Property and Equipment	CDE Funds	Other Community Funds	2008	2007
SUPPORT AND REVENUE							
Public Support:							
Government grants	\$	\$	\$	\$24,375	\$183,837	\$208,212	\$24,363
Foundation grants						0	0
In-Kind contributions						0	1,590
Contributions	2,576	29,249				31,825	56,415
Total Support	2,576	29,249	0	24,375	183,837	240,037	82,368
Revenue:							
Government Grants:							
California Department of Education				674,850		674,850	646,850
Transfer from CDE reserves				0		0	0
Child Care Food program				61,035		61,035	54,549
Contra Costa County				126,979		126,979	120,515
Parent fees-noncertified	30,460					30,460	8,534
Parent fees-certified				40,356		40,356	37,581
Interest income	343			0		343	551
Total Revenue	30,803	0	0	903,220	0	934,023	868,580
Net Assets Released From Restrictions	1,074,975	(63,376)	131,002	(927,370)	(215,231)	0	0
TOTAL SUPPORT AND REVENUE	1,108,354	(34,127)	131,002	225	(31,394)	1,174,060	950,948
EXPENSES							
Program services	934,024					934,024	860,173
Management and general	72,664					72,664	68,358
Fundraising	0					0	0
Total Expenses	1,006,688	0	0	0	0	1,006,688	928,531
CHANGE IN NET ASSETS	101,666	(34,127)	131,002	225	(31,394)	167,372	22,417
NET ASSETS, beginning of year	43,320	106,951	650,032	19,175	31,394	850,872	828,455
NET ASSETS, end of year (Notes B & L)	\$144,986	\$72,824	\$781,034	\$19,400	\$0	\$1,018,244	\$850,872

MARTINEZ EARLY CHILDHOOD CENTER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

	Unrestricted			Temporarily Restricted Funds		Total All Funds	
	General Fund	Parent Advisory Fund	Property and Equipment	CDE Funds	Other Community Funds	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:							
Change in Net Assets	\$101,666	(\$34,127)	\$131,002	\$225	(\$31,394)	\$167,372	\$22,417
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:							
Depreciation			26,635			26,635	23,653
	101,666	(34,127)	157,637	225	(31,394)	194,007	46,070
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES							
(Increase) decrease in funding and accounts receivable				(23,820)	(139,583)	(163,403)	(6,652)
(Increase) decrease in due from (to) other funds	(163,178)			23,595	139,583	0	0
(Increase) decrease in prepaid expenses	(746)					(746)	(156)
Increase (decrease) in accounts payable and accrued liabilities	30,425					30,425	(712)
Increase (decrease) in accrued vacation	(724)					(724)	239
Increase (decrease) in reserve account				0		0	0
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(32,557)</u>	<u>(34,127)</u>	<u>157,637</u>	<u>0</u>	<u>(31,394)</u>	<u>59,559</u>	<u>38,789</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchase of property and equipment			(157,637)			(157,637)	(51,059)
Borrowing on long term debt	42,200					42,200	0
Repayment of long term debt	(807)					(807)	0
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>41,393</u>	<u>0</u>	<u>(157,637)</u>	<u>0</u>	<u>0</u>	<u>(116,244)</u>	<u>(51,059)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,836	(34,127)	0	0	(31,394)	(56,685)	(12,270)
CASH AND CASH EQUIVALENTS, beginning of year	<u>36,668</u>	<u>106,951</u>	<u>0</u>	<u>0</u>	<u>31,394</u>	<u>175,013</u>	<u>187,283</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$45,504</u>	<u>\$72,824</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$118,328</u>	<u>\$175,013</u>
SUPPLEMENTAL INFORMATION:							
Interest paid						\$1,543	\$0

MARTINEZ EARLY CHILDHOOD CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2008
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2007)

	CDE Funds	Other Community Funds	Total Program Services	Management and General	Fundraising	Total Expenses	
						2008	2007
Certified Salaries	\$188,425	\$0	\$188,425	\$52,500	\$0	\$240,925	\$304,737
Teachers' salaries	173,172	0	173,172			173,172	245,547
Supervisors' salaries	15,253		15,253	52,500		67,753	59,190
Classified Salaries	420,053	0	420,053	1,097	0	421,150	325,494
Instructional aide salaries	326,938		326,938			326,938	244,480
Substitutes	39,575		39,575			39,575	26,822
Clerical and other office salaries	33,886		33,886	1,097		34,983	37,603
Food services salaries	19,654		19,654			19,654	16,589
Employee Benefits	124,132	0	124,132	7,867	0	131,999	119,865
Social security expense	44,715		44,715	5,439		50,154	46,824
State unemployment benefits	5,098		5,098	0		5,098	4,362
Workers' compensation insurance	5,772		5,772	1,883		7,655	9,826
Other benefits	68,547		68,547	545		69,092	58,853
Book, Supplies and Equipment	91,972	0	91,972	0	0	91,972	102,880
Instructional materials and supplies	11,463		11,463	0		11,463	17,762
Other supplies	28,163		28,163			28,163	40,351
Food service supplies	52,346		52,346			52,346	44,767
Services and Other Operating Expenses	61,440	1,543	62,983	11,200	0	74,183	51,902
Contracts for personnel services	4,272		4,272			4,272	3,617
Audit and legal expense	750		750	8,500		9,250	8,725
Travel, conferences and other expenses	3,190	1,543	4,733	2,700		7,433	7,158
Dues and memberships	1,736		1,736			1,736	1,206
Insurance	15,830		15,830			15,830	11,265
Utilities and housekeeping	20,858		20,858			20,858	19,931
Rentals, leases and repairs	14,804		14,804			14,804	0
Capital Outlay	19,824	0	19,824	0	0	19,824	0
Other approved capital outlay	19,175		19,175			19,175	0
Buildings and improvement of buildings	0		0			0	0
Equipment (program related)	649		649			649	0
Depreciation or use allowance	26,635		26,635			26,635	23,653
Start Up Expenses	0		0			0	0
	<u>\$932,481</u>	<u>\$1,543</u>	<u>\$934,024</u>	<u>\$72,664</u>	<u>\$0</u>	<u>\$1,006,688</u>	<u>\$928,531</u>

MARTINEZ EARLY CHILDHOOD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE A - ORGANIZATION

General – The Martinez Early Childhood Center, Inc. (Center) is a private, nonprofit corporation organized on April 19, 1974 under the statutes of the State of California. The Center's specific and primary purposes are to provide child care services for children, and allied activities of a similar nature for the children, their families and the community. These purposes are both educational and charitable and the corporation will receive and distribute charitable contributions consistent therewith.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting - The Center maintains its accounting records on the accrual basis of accounting.

Fund Accounting – To ensure observance of limitations and restrictions placed on the use of resources available to the Center, the accounts of the Center are maintained in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources for the various programs are classified for accounting and reporting according to the activities and objectives specified by donors, grantors, officials and governing boards. Separate accounts are maintained for each program.

Estimates - In preparing financial statements in conformity with Generally Accepted Accounting Principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities as of the date of the financial statements; and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - The Center's cash and cash equivalents balance consists of amounts held in checking, money market and certificate of deposit accounts in large financial institutions.

Prepaid expenses – Prepaid expenses are amortized over the period of future benefit.

Property and Equipment – Property, equipment and buildings are stated at cost. Donated equipment is recorded at its estimated fair market value. Expenditures for property and equipment are capitalized. Depreciation is calculated using the straight-line method over the useful life of each class of depreciable asset, which is five to twenty years. This depreciation is reflected in the Property and Equipment Fund on the Statement of Activities.

When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss arising from such disposition is

MARTINEZ EARLY CHILDHOOD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Property and Equipment (Continued)

included as revenue or expense. Expenditures for repairs and maintenance are charged to expense as incurred.

Property and equipment purchased with funds provided by California Department of Education or other governmental grants or contracts are expensed during the grant period.

Donated materials and Services - Donated materials are recorded at their fair value at the date of donation.

Functional Allocation of Expenses - Costs of providing the various programs have been summarized on a functional basis in the accompanying schedule of functional expenses. Certain indirect costs have been allocated directly to programs and administration based upon detailed estimates prepared by management personnel and on the basis of direct hours charged to each program.

Income Taxes - The Center is a Section 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during the year ended June 30, 2008.

Contributions and Grant Revenue - The Center receives contributions and grants from governmental entities, corporations, foundations, charitable organizations and individuals. The Center has adopted the provisions of Statements of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made", and 117, "Financial Statements for Not-for-Profit Organizations."

The provisions of SFAS 116 require the Center to recognize contributions and grants as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt. Performance revenue is recognized as earned. Amounts received but not yet earned are reported as advances.

MARTINEZ EARLY CHILDHOOD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Grant Revenue (Continued)

Other support and revenue, such as interest income, proceeds from fund-raising, and expenses, are accounted for using the accrual method.

The principal source of revenue for the Center is contracts with the California Department of Education. These contracts include federal pass-through funds, which are identified in the Schedule of Expenditures of Federal Awards.

Financial Statement Presentation - Under SFAS No. 117, the Center is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

Summarized Financial Information for 2007 - The financial information for the year ended June 30, 2007, presented for comparative purposes, and is not intended to be a complete financial statement presentation.

Reclassifications - Certain reclassifications have been made in the 2007 comparative totals to conform to the classifications used in 2008.

NOTE C – FUNDING AND ACCOUNTS RECEIVABLE

Funding and accounts receivable at June 30, 2008 consisted of the following:

Temporarily Restricted Funds

FEMA - Bridge Replacement	\$115,311
PG&E Refund on Bridge work	24,272
CDE Facilities Renovation and Repair Grant (CRPM-7093)	19,400
Contra Costa County HeadStart Child Care	9,000
Contra Costa County Maintenance of Effort	6,664
General Child Care Program (GCTR-7042)	15,134
Playground Compliance Grant (GPCF-2023)	1,010
Child Care Food Program	<u>11,516</u>
Total - Temporarily Restricted Funds	<u>\$202,307</u>
Total Funding and Accounts Receivable	<u>\$202,307</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and Equipment as of June 30, 2008, consisted of the following:

Land	\$100,000
Building and Improvements	233,800

MARTINEZ EARLY CHILDHOOD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE D - PROPERTY AND EQUIPMENT (Continued)

Improvements	\$250,694
Bridge	214,638
Furniture & Equipment	<u>75,036</u>
Total Property and Equipment	874,168
Less: Accumulated Depreciation	<u>93,134</u>
Net Property and Equipment	<u>\$781,034</u>

Depreciation expense for the years ended June 30, 2008 and 2007 was \$26,635 and \$23,653, respectively.

NOTE E – TRANSFERS

Transfers represent the utilization of unrestricted funds to cover temporarily restricted programs' current year operating deficits.

NOTE F – ACCUMULATED VACATION AND SICK LEAVE

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Center. The liability is recognized in the program to which the liability relates, and is consolidated with accounts payable and accrued liabilities in the financial statements. At June 30, 2008 and 2007, the accumulated accrued vacation totaled \$14,849 and \$15,573, respectively.

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulate sick leave.

Accumulated employee sick leave benefits are not recognized as liabilities of the Center since payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period sick leaves are taken.

NOTE G – CDE RESERVE ACCOUNT

The funding agreements with the California Department of Education (CDE) allow the Center to retain reserves for the Child Care Programs from the contract funds under spent during the current year, up to a predetermined maximum amount. The reserve funds can be used in subsequent years when the child care contract funds are overspent. The reserves are required to be paid back to the state if the Center ceases to have child care contracts with the CDE.

MARTINEZ EARLY CHILDHOOD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE H – LINE OF CREDIT

The Agency obtained a \$100,000 line of credit (line) with Union Bank of California with interest payable at 3.75% above the United State's prime rate. The line matures on May 20, 2009. The balance on the line at June 30, 2008 was \$0.

NOTE I – LONG TERM DEBT

At June 30, long-term debt consisted of the following:

Loan from the United States Small Business Administration to finance the purchase of the Replacement of the bridge to enter the site. The note was in the amount of \$42,200 with an interest rate of 4.00%. Monthly payments of \$470 are due beginning on March 20, 2008. The loan is due on June 22, 2017.	\$41,393
Less: Current portion of long-term debt	<u>4,107</u>
	<u>\$37,286</u>

Aggregate maturities on long-term debt for each of the next five years and subsequent periods are as follows:

Year Ended June 30,	
2009	\$4,107
2010	4,225
2011	4,397
2012	4,576
2013	4,753
Subsequent	<u>19,324</u>
	<u>\$37,263</u>

NOTE J – AUDIT FEES

Audit fees of \$8,000, for the current year, have been accrued as allowed by grantor agencies, even though the related services will be performed in the subsequent period. This is not in accordance with generally accepted accounting principles but is not considered material in relationship to the program taken as a whole.

NOTE K – COMMITMENTS AND CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the

MARTINEZ EARLY CHILDHOOD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2008

NOTE K – COMMITMENTS AND CONTINGENCIES

funds to the grantors. The Center deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the Center to the provisions of the grant. Management is of the opinion that the Center has complied with the terms of all grants.

The Center receives a substantial amount of its support from the California Department of Education. The Center's programs and activities are dependent upon the availability of these funds. A significant reduction in the level of government support may impact the ability of the Center to remain a going concern. The amount that would be considered a significant reduction in funding from government agencies cannot be determined as of the financial statement date.

NOTE L – TEMPORARILY RESTRICTED NET ASSETS

The nature and amount of temporarily restricted net assets at June 30, 2008 is as follows:

	<u>Total</u>
Facilities Renovation and Repair Grant (CPRM-7093)	<u>\$19,400</u>
Total temporarily restricted net assets	<u>\$19,400</u>

NOTE M - CONCENTRATION OF CREDIT RISK

The financial instruments, which potentially subject the Center to concentrations of credit risk, consist principally of cash and temporary cash investments. Cash balances held at a financial institution were in excess of federally insured limits. The Center places its temporary cash investments with a high-credit, high quality financial institution. The Center believes no significant concentration of credit risk exists with respect to these cash investments. The balance of all the cash accounts in excess of federally insured amounts at June 30, 2008 was \$18,328.

ADDITIONAL INFORMATION

MARTINEZ EARLY CHILDHOOD CENTER, INC.
GENERAL INFORMATION
YEAR ENDED JUNE 30, 2008

AGENCY NAME:	MARTINEZ EARLY CHILDHOOD CENTER, INC.
TYPE OF AGENCY	A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION
CALIFORNIA DEPARTMENT OF EDUCATION PROJECT NUMBERS:	GENERAL CHILD CARE & DEVELOPMENT: 07-B397-00-7 INFANT TODDLER RESOURCE GRANT: 07-B397-00-7 INSTRUCTIONAL MATERIALS: 07-B397-00-7 FACILITIES RENOVATION & REPAIR GRANT 07-B397-00-7 FACILITIES RENOVATION & REPAIR GRANT 07-B397-00-6
ADDRESS OF AGENCY:	615 ARCH STREET MARTINEZ, CA 94553
EXECUTIVE DIRECTOR:	MS. J. CATHERINE ROOF
TELEPHONE NUMBER:	(925) 229-2000
REPORT PERIOD:	FISCAL YEAR ENDED JUNE 30, 2008
SCHEDULED DAILY HOURS:	7AM - 5:30PM
NUMBER OF DAYS OPERATING:	242

NOTE: The Agency has no programs administered by county welfare departments. All additional information required by the Audit Guide for Auditors of Child Development Programs Administered by Private, Private Nonprofit, and Public Agencies, relating to the above-mentioned programs is not applicable and, therefore, is not included in this report.

MARTINEZ EARLY CHILDHOOD CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

Federal Grantor Pass-through Grantor/State Pass-through Grantor/County Program Title	Federal CFDA Number	Pass-through Grantor's Contract Number	Contract Period	Award Amount	Amount Expended
FEDERAL AWARDS:					
Department of Agriculture					
Passed through State of California					
Department of Education					
Child and Adult Care Food Program	10.558	07-1164-2A	7/1/07-6/30/08	\$58,090	\$58,090
Department of Health and Human Services					
Passed through Contra Costa County					
HeadStart Program Enhancement Services	93.600	39-483-3	7/1/07-6/30/08	108,000	108,000
Passed through State of California					
Department of Education					
CCD Block Grant - Center	93.596	CCTR-7042	7/1/07-6/30/08	132,902	132,902
Instructional Materials	93.575	CIMS-7060	7/1/07-6/30/08	2,342	2,342
Infant Toddler Resource	93.575	CCAP-7038	7/1/07-6/30/08	2,633	2,633
Facilities Renovation and Repair	93.575	CRPM-6015	6/1/07-6/30/09	19,175	19,175
Facilities Renovation and Repair	93.575	CRPM-7093	12/15/07-6/30/10	19,400	0
				<u>43,550</u>	<u>24,150</u>
Department of Homeland Security					
Federal Emergency Management Agency					
Passed through State of California					
Office of Emergency Services		FEMA-1628-DR-CA			
Bridge replacement project	97.036	OES ID #013-90701	1/1/06-6/30/08	<u>183,837</u>	<u>183,837</u>
Total Federal Awards				<u>\$526,379</u>	<u>\$506,979</u>
STATE AWARDS:					
California Department of Education					
General Child Care Program - Center		CCTR-7042	7/1/06-6/30/07	\$543,250	\$541,948
Child Care Food Program-Center					
State Meal Reimbursement		07-1164-2A	7/1/06-6/30/07	<u>2,945</u>	<u>2,945</u>
Total State Awards				<u>\$546,195</u>	<u>\$544,893</u>
Total Federal and State Awards				<u>\$1,072,574</u>	<u>\$1,051,872</u>

MARTINEZ EARLY CHILDHOOD CENTER, INC.
SCHEDULE OF EXPENDITURES BY STATE CATEGORY
YEAR ENDED JUNE 30, 2008

Temporarily Restricted Funds						
	Center Program	Instructional Materials CIMS-7060	Infant Toddler Resource CCAP-7038	Facilities Renovation and Repair CRPM-7093	Facilities Renovation and Repair CRPM-6015	Total Expenses 2008
1000 Certified Salaries	\$240,925	\$0	\$0	\$0	\$0	\$240,925
1100 Teachers' salaries	173,172	0	0	0	0	173,172
1300 Supervisors' salaries	67,753	0	0	0	0	67,753
2000 Classified Salaries	421,150	0	0	0	0	421,150
2100 Instructional aids and substitutes	326,938	0	0	0	0	326,938
2150 Substitutes	39,575	0	0	0	0	
2300 Clerical and other office salaries	34,983	0	0	0	0	34,983
2500 Food services salaries	19,654	0	0	0	0	19,654
3000 Employee Benefits	131,999	0	0	0	0	131,999
3300 Social security expense	50,154	0	0	0	0	50,154
3500 State unemployment benefits	5,098	0	0	0	0	5,098
3600 Workers' compensation insurance	7,655	0	0	0	0	7,655
3900 Other benefits	69,092	0	0	0	0	69,092
4000 Book, Supplies and Equipment	87,497	2,342	2,133	0	0	91,972
4300 Instructional materials and supplies	6,988	2,342	2,133	0	0	11,463
4500 Other supplies	28,163	0	0	0	0	28,163
4700 Food service supplies	52,346	0	0	0	0	52,346
5000 Services and Other Operating Expenses	72,140	0	500	0	0	72,640
5100 Contracts for personnel services	4,272	0	0	0	0	4,272
5700 Legal, election and audit	9,250	0	0	0	0	9,250
5200 Travel, conferences and other expenses	5,390	0	500	0	0	5,890
5300 Dues and memberships	1,736	0	0	0	0	1,736
5400 Insurance	15,830	0	0	0	0	15,830
5500 Utilities and housekeeping	20,858	0	0	0	0	20,858
5600 Rentals, leases and repairs	14,804	0	0	0	0	14,804
6000 Capital Outlay	649	0	0	0	19,175	19,824
6100 Other approved capital outlay	0	0	0	0	19,175	19,175
6200 Buildings and improvement of buildings	0	0	0	0	0	0
6400 Equipment (program related)	649	0	0	0	0	649
Depreciation or use allowance	26,635	0	0	0	0	26,635
Start Up Expenses	0	0	0	0	0	0
	\$980,995	\$2,342	\$2,633	\$0	\$19,175	\$1,005,145

I have examined the claims filed for reimbursement and the original supporting records covering the transactions under these contracts to an extent considered necessary to assure myself that the amounts claimed by the agency were proper.

MARTINEZ EARLY CHILDHOOD CENTER, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

	Unrestricted			Temporarily Restricted Funds						Total All Funds 2008
	General Fund	Parent Advisory Fund	Property and Equipment	Center Program	Instructional Materials CIMS-7060	Infant Toddler Resource CCAP-7038	Facilities Renovation and Repair CRPM-7093	Facilities Renovation and Repair CRPM-6015	Early Learning Demonstration Project	
ASSETS										
CURRENT ASSETS:										
Cash and cash equivalents	\$45,504	\$72,824	\$	\$	\$	\$	\$	\$	\$	\$
Funding and accounts receivable	0			43,324			19,400			139,583
Due from (to) other funds	182,907			(43,324)						(139,583)
Prepaid expenses	2,530									
TOTAL CURRENT ASSETS	230,941	72,824	0	0	0	0	19,400	0	0	0
PROPERTY AND EQUIPMENT			781,034							
TOTAL ASSETS	\$230,941	\$72,824	\$781,034	\$0	\$0	\$0	\$19,400	\$0	\$0	\$0
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES:										
Accounts payable and accrued liabilities	\$29,713	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accrued vacation	14,849									
CDE Reserve account										
Line of Credit										
Current portion of long term debt	4,107									
TOTAL CURRENT LIABILITIES	48,669	0	0	0	0	0	0	0	0	0
LONG TERM DEBT	37,286									
COMMITMENTS AND CONTINGENCIES										
NET ASSETS	144,986	72,824	781,034	0	0	0	19,400	0	0	0
TOTAL LIABILITIES AND NET ASSETS	\$230,941	\$72,824	\$781,034	\$0	\$0	\$0	\$19,400	\$0	\$0	\$0

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2008

	Unrestricted			Temporarily Restricted Funds						Total All Funds 2008	
	General Fund	Parent Advisory Fund	Property and Equipment	Center Program	Instructional Materials CIMS-7060	Infant Toddler CCAP-7038	Facilities Renovation and Repair CRPM-7093	Facilities Renovation and Repair CRPM-6015	Early Learning Demonstration Project		Bridge Renovation Fund
SUPPORT AND REVENUE											
Public Support:											
Government Grants	\$	\$	\$	\$	\$2,342	\$2,633	\$19,400	\$	\$	\$183,837	\$208,212
Foundation Grants											0
In-kind contributions	2,576	29,249									0
Contributions											31,825
Total Support	2,576	29,249	0	0	2,342	2,633	19,400	0	0	183,837	240,037
Revenue:											
Government Contracts:											
California Department of Education				674,850							674,850
Transfer from CDE Reserves											0
Child Care Food Program				61,035							61,035
Contra Costa County				126,979							126,979
Parent fees- Noncertified				30,460							30,460
Parent fees-Certified				40,356							40,356
Investment Income	343										343
Total Revenue	343	0	0	933,680	0	0	0	0	0	0	934,023
TOTAL SUPPORT AND REVENUE	2,919	29,249	0	933,680	2,342	2,633	19,400	0	0	183,837	1,174,060
EXPENSES											
Certified Salaries											
Teachers' salaries				173,172							173,172
Supervisors' salaries				67,753							67,753
Classified Salaries											
Instructional aide salaries				326,938							326,938
Substitutes				39,575							39,575
Clerical and other office salaries				34,983							34,983
Food service salaries				19,654							19,654
Employee Benefits											
Social security expense				50,154							50,154
State unemployment benefits				5,098							5,098
Workers' compensation insurance				7,655							7,655
Other benefits				69,092							69,092
Book, Supplies and Equipment											
Instructional materials and supplies				6,988	2,342	2,133					11,463
Other supplies				28,163							28,163
Food and food service supplies				52,346							52,346
Services and Other Operating Expenses											
Contracts for personnel services				4,272							4,272
Audit and legal expense				9,250							9,250
Travel, conferences and other expenses				5,390		500				1,543	7,433
Dues and memberships				1,736							1,736
Insurance				15,830							15,830
Utilities and housekeeping				20,858							20,858
Rentals, leases and repairs				14,804							14,804
Capital Outlay								19,175			19,175
Other approved capital outlay											0
Buildings and improvement of buildings				649							649
Equipment (program related)				26,635							26,635
Depreciation or use allowance											0
Start Up Expenses											
Total Expenses	0	0	0	980,995	2,342	2,633	0	19,175	0	1,543	1,006,688
TRANSFER TO/FROM UNRESTRICTED FUND	98,747	(63,376)	131,002	47,315	0	0	0	0	0	(213,688)	0
CHANGE IN NET ASSETS	101,666	(34,127)	131,002	0	0	0	19,400	(19,175)	0	(31,394)	167,372
NET ASSETS, beginning of year	43,320	106,951	650,032	0	0	0	0	19,175	0	31,394	850,872
NET ASSETS, end of year	\$144,986	\$72,824	\$781,034	\$0	\$0	\$0	\$19,400	\$0	\$0	\$0	\$1,018,244

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.
SCHEDULE OF ADMINISTRATIVE COSTS OF
PROGRAMS FUNDED BY CALIFORNIA DEPARTMENT OF EDUCATION
YEAR ENDED JUNE 30, 2008

	Center Program	Instructional Materials CIMS-7060	Infant Toddler Resource CCAP-7038	Facilities Renovation and Repair CRPM-7093	Facilities Renovation and Repair CRPM-6015	Total Administration Expenses
Teachers' salaries	\$	\$	\$	\$		\$0
Supervisor salaries	52,500					52,500
Instructional aide salaries						0
Clerical and other office salaries	1,097					1,097
Food service salaries						0
Janitor salaries						0
Payroll taxes	5,439					5,439
State unemployment insurance						0
Workers' compensation	1,883					1,883
Other benefits	545					545
Other books						0
Instructional materials and supplies						0
Miscellaneous						0
Other supplies						0
Food service supplies						0
Contracts for personnel services						0
Audit and legal expense	8,500					8,500
Travel, conferences and other	2,700					2,700
Dues and memberships						0
Insurance						0
Utilities and housekeeping						0
Rents and leases						0
Buildings and Improvements of buildings						0
New equipment (Program related)						0
	<u>\$72,664</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$72,664</u>

See Notes to Additional Information

**AUDITED FINAL ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: MARTINEZ EARLY CHILDHOOD CENTER, INC. Vendor No. 07-B397

Fiscal Year Ended: June 30, 2008 Contract No. CCTR-7042

Independent Auditor's Name: PATRICIA A. WINTROATH, CPA

SECTION I - CERTIFIED CHILDREN	EDP NO.	COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENTS	CUMULATIVE FISCAL YEAR PER AUDIT	ADJUSTMENT FACTOR	ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT						
<i>Infants (up to 18 months)</i>						
Full-time-plus	101			-	2.006	-
Full-time	103	182		182	1.700	309
Three-quarters-time	105			-	1.275	-
One-half-time	107			-	0.935	-
<i>FCCH Infants (up to 18 months)</i>						
Full-time plus	101A			-	1.652	-
Full-time	103A			-	1.400	-
Three-quarters-time	105A			-	1.050	-
One-half-time	107A			-	0.770	-
<i>Toddlers (18 up to 36 months)</i>						
Full-time-plus	101B			-	1.652	-
Full-time	103B	3,724		3,724	1.400	5,213.60
Three-quarters-time	105B	260		260	1.050	273.00
On-half-time	107B	58		58	0.770	44.66
<i>Three Years and Older</i>						
Full-time-plus	111			-	1.180	-
Full-time	113	11,634		11,634	1.000	11,634.00
Three-quarters-time	115	775		775	0.750	581.25
One-half-time	117	139		139	0.550	76.45
<i>Exceptional Needs</i>						
Full-time-plus	121			-	1.416	-
Full-time	123	669		669	1.200	802.80
Three-quarters-time	125			-	0.900	-
One-half-time	127			-	0.660	-
<i>Limited and Non-English Proficient</i>						
Full-time-plus	131			-	1.298	-
Full-time	133	674		674	1.100	741.40
Three-quarters-time	135			-	0.825	-
One-half-time	137			-	0.605	-
<i>Children at Risk of Abuse or Neglect</i>						
Full-time-plus	141			-	1.298	-
Full-time	143	1,024		1,024	1.100	1,126
Three-quarters-time	145			-	0.825	-
One-half-time	147			-	0.605	-
<i>Severely Handicapped</i>						
Full-time-plus	151			-	1.770	-
Full-time	153			-	1.500	-
Three-quarters-time	155			-	1.125	-
One-half-time	157			-	0.825	-
TOTAL DAYS OF ENROLLMENT	190	19,139	-	19,139		20,802.96
DAYS OF OPERATION	169	242		242		
DAYS OF ATTENDANCE	179	18,743		18,743		

☐

NO NONCERTIFIED CHILDREN - Check this box and continue to Section III if no noncertified children were enrolled in the program.

**AUDITED FINAL ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: MARTINEZ EARLY CHILDHOOD CENTER, INC. Vendor No. 07-B397

Fiscal Year Ended: June 30, 2008 Contract No. CCTR-7042
Commingled Contract No. (If Any) _____

SECTION II - NONCERTIFIED CHILDREN Report all children who were not certified but were served at the same site(s) as certified children.	EDP NO.	COLUMN A CUMULATIVE FISCAL YEAR PER AGENCY	COLUMN B AUDIT ADJUSTMENTS	COLUMN C CUMULATIVE FISCAL YEAR PER AUDIT	COLUMN D ADJUSTMENT FACTOR	COLUMN E ADJUSTED DAYS OF ENROLLMENT PER AUDIT
DAYS OF ENROLLMENT						
<i>Infants (up to 18 months)</i>						
Full-time-plus	201			-	2.006	-
Full-time	203			-	1.700	-
Three-quarters-time	205			-	1.275	-
One-half-time	207			-	0.935	-
FCCH Infants (up to 18 months)						
Full-time plus	201A			-	1.652	-
Full-time	203A			-	1.400	-
Three-quarters-time	205A			-	1.050	-
One-half-time	207A			-	0.770	-
Toddlers (18 up to 36 months)						
Full-time-plus	201B			-	1.652	-
Full-time	203B	274		274	1.400	384
Three-quarters-time	205B	5		5	1.050	5
On-half-time	207B	3		3	0.770	2
Three Years and Older						
Full-time-plus	211			-	1.180	-
Full-time	213	347		347	1.000	347.00
Three-quarters-time	215			-	0.750	-
One-half-time	217			-	0.550	-
Exceptional Needs						
Full-time-plus	221			-	1.416	-
Full-time	223			-	1.200	-
Three-quarters-time	225			-	0.900	-
One-half-time	227			-	0.660	-
Limited and Non-English Proficient						
Full-time-plus	231			-	1.298	-
Full-time	233			-	1.100	-
Three-quarters-time	235			-	0.825	-
One-half-time	237			-	0.605	-
Children at Risk of Abuse or Neglect						
Full-time-plus	241			-	1.298	-
Full-time	243			-	1.100	-
Three-quarters-time	245			-	0.825	-
One-half-time	247			-	0.605	-
Severely Handicapped						
Full-time-plus	251			-	1.770	-
Full-time	253			-	1.500	-
Three-quarters-time	255			-	1.125	-
One-half-time	257			-	0.825	-
TOTAL DAYS OF ENROLLMENT	290	629	-	629		738.16

**AUDITED FINAL ATTENDANCE AND FISCAL REPORT
for Child Development Programs**

Agency Name: MARTINEZ EARLY CHILDHOOD CENTER, INC. Vendor No. 07-B397
 Fiscal Year End: June 30, 2008 Contract No. CCTR-7042
 Commingled Contract No. (If Any) _____

SECTION III - REVENUE	EDP NO.	COLUMN A	COLUMN B	COLUMN C
		CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME				
CCF/National School Lunch Program	302	\$61,286		\$61,286
Restricted income for operating costs	308			0
Maintenance of Effort	339	19,015		19,015
Other (specify): Head Start	312	108,000		108,000
SUBTOTAL	310	188,301	0	188,301
TRANSFER FROM RESERVE FUND	311			0
FAMILY FEES FOR CERTIFIED CHILDREN				
State General Fund	329	40,356		40,356
Federal Fund	331			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS				
State General Fund	349	98	(98)	0
Federal Fund	350			0
NON-RESTRICTED INCOME				
Parent fees for noncertified children	356	31,059		31,059
Cal Learn Program	358			0
Other: Donations	362	2,525		2,525
TOTAL REVENUE	390	\$262,339	(\$98)	\$262,241

SECTION IV - EXPENSES

REIMBURSABLE EXPENSES				
Direct Payments to Providers (FCCH Only)	401	\$0	\$0	\$0
1000 Certificated Salaries	402	240,925		240,925
2000 Classified Salaries	404	421,151	(1)	421,150
3000 Employee Benefits	406	132,518	(519)	131,999
4000 Books and Supplies	408	110,250	(22,753)	87,497
5000 Services/Other Operating Expenses	412	51,512	20,628	72,140
6100/6200 Other Approved Capital Outlay	413			0
6400 New Equipment (program-related)	414			0
6500 Replace Equipment (program-related)	416		649	649
Depreciation or Use Allowance	439		26,635	26,635
Start-Up Expenses (service level exemption)	447			0
Start-Up/Close-Down Expenses (migrant)	449			0
Indirect Costs -- Rate %: 0.00%	459			0
NONREIMBURSABLE EXPENSES				
6100-6500 Nonreimbursable capital outlay	479			0
Other nonreimbursable expenses (specify):				
	489			0
TOTAL EXPENSES	490	\$956,356	\$24,639	\$980,995
TOTAL ADMINISTRATIVE COST (in Sec. IV)		\$72,664		\$72,664

Independent Auditor's Certifications on meeting the requirements of the California Department of Education, Child Development Division:

Attendance records are being maintained as required (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies.

Attendance data reported in Column C of pages 1 and 2 agree with the original supporting records, such as sign-in/sign-out sheets and daily attendance records (check YES or NO):

☒ YES

☐ NO - Explain any discrepancies.

COMMENTS:

**AUDITED FINAL REVENUE AND EXPENDITURE REPORT
for Support Contracts**

Agency Name: MARTINEZ EARLY CHILDHOOD CENTER, INC. Vendor No. 07-B397
 Fiscal Year End: June 30, 2008 Contract No. CIMS-7060
 Independent Auditor's Name: PATRICIA A. WINTROATH, CPA

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (specify):			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			
Parent fees for noncertified children			0
Other (specify):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE	\$0	\$0	0
1000 Certificated Salaries			
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	2,342		2,342
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay	0	0	0
Other nonreimbursable expenses (specify):	0	0	0
Subtotal Expenses for Current Fiscal Year	2,342	0	2,342
Expenses Incurred in Prior Years			0
TOTAL EXPENSES	\$2,342	\$0	\$2,342
TOTAL ADMINISTRATIVE COST (included in section II above)			\$0

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

**AUDITED FINAL REVENUE AND EXPENDITURE REPORT
for Support Contracts**

Agency Name: MARTINEZ EARLY CHILDHOOD CENTER, INC. Vendor No. 07-B397

Fiscal Year End: June 30, 2008 Contract No. CCAP-7038

Independent Auditor's Name: PATRICIA A. WINTROATH, CPA

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (specify):			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			
Parent fees for noncertified children			0
Other (specify):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE	\$0	\$0	0
1000 Certificated Salaries			
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies	2,133		2,133
5000 Services and Other Operating Expenses	500		500
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay	0	0	0
Other nonreimbursable expenses (specify):	0	0	0
Subtotal Expenses for Current Fiscal Year	2,633	0	2,633
Expenses Incurred in Prior Years			0
TOTAL EXPENSES	\$2,633	\$0	\$2,633
TOTAL ADMINISTRATIVE COST (included in section II above)			\$0

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

**AUDITED FINAL REVENUE AND EXPENDITURE REPORT
for Support Contracts**

Agency Name: MARTINEZ EARLY CHILDHOOD CENTER, INC. Vendor No. 07-B397

Fiscal Year End: June 30, 2008 Contract No. CRPM-7093

Independent Auditor's Name: PATRICIA A. WINTROATH, CPA

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (specify):			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			
Parent fees for noncertified children			0
Other (specify):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE	\$0	\$0	0
1000 Certificated Salaries			
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay	0	0	0
Other nonreimbursable expenses (specify):	0	0	0
Subtotal Expenses for Current Fiscal Year	0	0	0
Expenses Incurred in Prior Years			0
TOTAL EXPENSES	\$0	\$0	\$0
TOTAL ADMINISTRATIVE COST (included in section II above)			\$0

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

CONTRACT IS A MULTI YEAR CONTRACT. CONTRACT PERIOD IS FROM DECEMBER 15, 2007 THROUGH JUNE 30, 2010.

**AUDITED FINAL REVENUE AND EXPENDITURE REPORT
for Support Contracts**

Agency Name: MARTINEZ EARLY CHILDHOOD CENTER, INC. Vendor No. 07-B397

Fiscal Year End: June 30, 2008 Contract No. CRPM-6015

Independent Auditor's Name: PATRICIA A. WINTROATH, CPA

SECTION I - REVENUE	COLUMN A	COLUMN B	COLUMN C
	CUMULATIVE FISCAL YEAR PER AGENCY	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	CUMULATIVE FISCAL YEAR PER AUDIT
RESTRICTED PROGRAM INCOME			
Child Care Food/National School Lunch Program	\$0	\$0	\$0
Cal Learn Program			0
Restricted income for operating costs			0
Maintenance of Effort			0
Other (specify):			0
Subtotal Restricted Program Income	0	0	0
FAMILY FEES FOR CERTIFIED CHILDREN			0
INTEREST EARNED ON CHILD DEVELOPMENT CONTRACT PAYMENTS			0
NON-RESTRICTED INCOME			
Parent fees for noncertified children			0
Other (specify):			0
Subtotal Revenue for Current Fiscal Year	0	0	0
Revenue Earned in Prior Years			0
TOTAL REVENUE	\$0	\$0	\$0

SECTION II - EXPENDITURES

REIMBURSABLE	\$0	\$0	0
1000 Certificated Salaries			
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay	19,175		19,175
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-Up Expenses (service level exemption)			0
Indirect Costs -- Rate:			0
NONREIMBURSABLE EXPENSES			
6100-6500 Nonreimbursable capital outlay	0	0	0
Other nonreimbursable expenses (specify):	0	0	0
Subtotal Expenses for Current Fiscal Year	19,175	0	19,175
Expenses Incurred in Prior Years	0		0
TOTAL EXPENSES	\$19,175	\$0	\$19,175
TOTAL ADMINISTRATIVE COST (included in section II above)			\$0

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

**AUDITED FINAL RESERVE ACCOUNT CASH ACTIVITY REPORT
CENTER BASED PROGRAMS**

Agency Name: MARTINEZ EARLY CHILDHOOD CENTER, INC.

Fiscal Year End: June 30, 2008

Vendor No. 07-B397

Federally Insured Bank Name: UNION BANK OF CALIFORNIA

Independent Auditor's Name: PATRICIA A. WINTROATH, CPA

CENTER BASED RESERVE ACCOUNT	COLUMN A	COLUMN B	COLUMN C
	PER AGENCY'S ACCOUNTING LEDGER	AUDIT ADJUSTMENT INCREASE OR (DECREASE)	PER AUDIT
BEGINNING CASH BANK BALANCE - Last Fiscal Year's Ending Cash Bank Balance (Not from CDFS 9530)	\$0	\$0	\$0
PLUS CASH DEPOSITED TO RESERVE ACCOUNT FROM CONTRACT(S) - During Fiscal Year Being Audited:			
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred to Reserve Account	0	0	0
SUBTOTAL	0	0	0
PLUS INTEREST DEPOSITED TO RESERVE ACCOUNT - During Fiscal Year Being Audited:			
	0		0
LESS CASH WITHDRAWN FROM RESERVE ACCOUNT FOR CONTRACT(S) - During Fiscal Year Being Audited:			
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Contract No.			0
Total Transferred from Reserve Account	0	0	0
ENDING CASH BANK BALANCE - Fiscal Year Being Audited	\$0	\$0	\$0

COMMENTS - If necessary, attach additional sheet(s) to explain information contained in this report:

MARTINEZ EARLY CHILDHOOD CENTER, INC.
CHILD CARE FOOD PROGRAM - CENTERS
SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS
FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

FIXED PERCENTAGE METHOD

	Meals		
	Reported	Adjustments	Allowed
<u>JULY 2007</u>			
BREAKFAST			
Free	244		244
Reduced	36		36
Base	29		29
	<u>309</u>		<u>309</u>
LUNCH			
Free	962		962
Reduced	144		144
Base	115		115
	<u>1,221</u>		<u>1,221</u>
SUPPLEMENT			
Free	1,573		1,573
Reduced	235		235
Base	188		188
	<u>1,996</u>		<u>1,996</u>
<u>AUGUST 2007</u>			
BREAKFAST			
Free	232		232
Reduced	35		35
Base	27		27
	<u>294</u>		<u>294</u>
LUNCH			
Free	878		878
Reduced	131		131
Base	105		105
	<u>1,114</u>		<u>1,114</u>
SUPPLEMENT			
Free	1,474		1,474
Reduced	220		220
Base	176		176
	<u>1,870</u>		<u>1,870</u>

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.
CHILD CARE FOOD PROGRAM - CENTERS
SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS
FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

	Meals		
	Reported	Adjustments	Allowed
<u>SEPTEMBER 2007</u>			
BREAKFAST			
Free	236		236
Reduced	35		35
Base	28		28
	<u>299</u>		<u>299</u>
LUNCH			
Free	884		884
Reduced	132		132
Base	106		106
	<u>1,122</u>		<u>1,122</u>
SUPPLEMENT			
Free	1,431		1,431
Reduced	213		213
Base	171		171
	<u>1,815</u>		<u>1,815</u>
<u>OCTOBER 2007</u>			
BREAKFAST			
Free	364		364
Reduced	42		42
Base	48		48
	<u>454</u>		<u>454</u>
LUNCH			
Free	1,168		1,168
Reduced	135		135
Base	153		153
	<u>1,456</u>		<u>1,456</u>
SUPPLEMENT			
Free	1,832		1,832
Reduced	212		212
Base	239	1	240
	<u>2,283</u>		<u>2,284</u>

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.
CHILD CARE FOOD PROGRAM - CENTERS
SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS
FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

	Meals		
	Reported	Adjustments	Allowed
NOVEMBER 2007			
BREAKFAST			
Free	311		311
Reduced	36		36
Base	41		41
	<u>388</u>		<u>388</u>
LUNCH			
Free	931	56	987
Reduced	108	6	114
Base	122	7	129
	<u>1,161</u>		<u>1,230</u>
SUPPLEMENT			
Free	1,499		1,499
Reduced	174		174
Base	196		196
	<u>1,869</u>		<u>1,869</u>
DECEMBER 2007			
BREAKFAST			
Free	226		226
Reduced	26		26
Base	30		30
	<u>282</u>		<u>282</u>
LUNCH			
Free	815	(1)	814
Reduced	94		94
Base	107		107
	<u>1,016</u>		<u>1,015</u>
SUPPLEMENT			
Free	1,285		1,285
Reduced	149		149
Base	168		168
	<u>1,602</u>		<u>1,602</u>

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.

CHILD CARE FOOD PROGRAM - CENTERS

SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS

FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

	Meals		
	Reported	Adjustments	Allowed
<u>JANUARY 2008</u>			
BREAKFAST			
Free	314		314
Reduced	36		36
Base	41		41
	<u>391</u>		<u>391</u>
LUNCH			
Free	1,117		1,117
Reduced	129		129
Base	146		146
	<u>1,392</u>		<u>1,392</u>
SUPPLEMENT			
Free	1,794		1,794
Reduced	208		208
Base	234		234
	<u>2,236</u>		<u>2,236</u>
<u>FEBRUARY 2008</u>			
BREAKFAST			
Free	294		294
Reduced	34		34
Base	39		39
	<u>367</u>		<u>367</u>
LUNCH			
Free	1,129		1,129
Reduced	131		131
Base	147		147
	<u>1,407</u>		<u>1,407</u>
SUPPLEMENT			
Free	1,832		1,832
Reduced	212		212
Base	240		240
	<u>2,284</u>		<u>2,284</u>

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.

CHILD CARE FOOD PROGRAM - CENTERS

SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS

FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

	Meals		
	Reported	Adjustments	Allowed
MARCH 2008			
BREAKFAST			
Free	266		266
Reduced	31		31
Base	34		34
	<u>331</u>		<u>331</u>
LUNCH			
Free	1,166		1,166
Reduced	135		135
Base	152		152
	<u>1,453</u>		<u>1,453</u>
SUPPLEMENT			
Free	1,927		1,927
Reduced	223		223
Base	252		252
	<u>2,402</u>		<u>2,402</u>
APRIL 2008			
BREAKFAST			
Free	273		273
Reduced	32		32
Base	35		35
	<u>340</u>		<u>340</u>
LUNCH			
Free	1,223		1,223
Reduced	142		142
Base	159		159
	<u>1,524</u>		<u>1,524</u>
SUPPLEMENT			
Free	2,083		2,083
Reduced	241		241
Base	272		272
	<u>2,596</u>		<u>2,596</u>

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.**CHILD CARE FOOD PROGRAM - CENTERS****SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS**

FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

	Meals		
	Reported	Adjustments	Allowed
MAY 2008			
BREAKFAST			
Free	304		304
Reduced	35		35
Base	40		40
	<u>379</u>		<u>379</u>
LUNCH			
Free	1,233		1,233
Reduced	143		143
Base	161		161
	<u>1,537</u>		<u>1,537</u>
SUPPLEMENT			
Free	2,017		2,017
Reduced	234		234
Base	263		263
	<u>2,514</u>		<u>2,514</u>
JUNE 2008			
BREAKFAST			
Free	285		285
Reduced	33		33
Base	37		37
	<u>355</u>		<u>355</u>
LUNCH			
Free	1,193		1,193
Reduced	138		138
Base	156		156
	<u>1,487</u>		<u>1,487</u>
SUPPLEMENT			
Free	1,925		1,925
Reduced	223		223
Base	251		251
	<u>2,399</u>		<u>2,399</u>

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.
CHILD CARE FOOD PROGRAM - CENTERS
SCHEDULE OF REPORTED, ADJUSTED, AND ALLOWED ENROLLMENT
FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

<u>Enrollment</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Total -												
Reported	85	85	85	86	86	86	86	86	86	86	86	86
Allowed	85	85	85	86	86	86	86	86	86	86	86	86
Free -												
Reported	67	67	67	69	69	69	69	69	69	69	69	69
Allowed	67	67	67	69	69	69	69	69	69	69	69	69
Reduced -												
Reported	10	10	10	8	8	8	8	8	8	8	8	8
Allowed	10	10	10	8	8	8	8	8	8	8	8	8
Base -												
Reported	8	8	8	9	9	9	9	9	9	9	9	9
Allowed	8	8	8	9	9	9	9	9	9	9	9	9

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.
CHILD CARE FOOD PROGRAM - CENTERS
SCHEDULE OF REPORTED, ADJUSTED AND ALLOWED MEALS
FOR THE PERIOD JULY 1, 2007 TO JUNE 30, 2008

	<u>Meals</u>			<u>Food Service Rates</u>	<u>Revenue Recognized</u>	<u>Adjusted</u>	<u>Earned Reimbursement</u>
	<u>Reported</u>	<u>Adjusted</u>	<u>Allowed</u>				
BREAKFAST							
Free	3,349	0	3,349	1.3500	\$4,521	\$0	\$4,521
Reduced	411	0	411	1.0500	432	0	432
Base	429	0	429	0.2400	103	0	103
Total	4,189	0	4,189		5,056	0	5,056
LUNCH							
Free	12,699	55	12,754	2.4700	31,367	136	31,502
Reduced	1,562	6	1,568	2.0700	3,233	12	3,246
Base	1,629	7	1,636	0.2300	375	2	376
Total	15,890	68	15,958		34,975	150	35,124
SUPPLEMENTS							
Free	20,672	0	20,672	0.6800	14,057	0	14,057
Reduced	2,544	0	2,544	0.3400	865	0	865
Base	2,650	1	2,651	0.0600	159	0	159
Total	25,866	1	25,867		15,081	0	15,081
Cash in Lieu	15,890	68	15,958	0.1875	2,979	13	2,992
Total Federal Reimbursement					\$58,090	\$150	\$58,253
State Meal Compensation							
Total State Reimbursement	18,021	13	18,034	0.1634	\$2,945	\$2	\$2,947

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.

SCHEDULE OF RENOVATION AND REPAIR EXPENDITURES

YEAR ENDED JUNE 30, 2008

Expenditures under \$10,000 Unit Cost		Expenditures over \$10,000 Unit Cost with CDD Approval		Expenditures over \$10,000 Unit Cost without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
	<u>CRPM-6015</u>				
\$3,008	Fencing	\$0	N/A	\$0	N/A
1,764	Outdoor sink				
4,834	Stove				
1,628	Commercial cleaning & Waxing floors				
7,942	Painting				
<u>\$19,176</u>	TOTAL CRPM-6015				

See Notes to Additional Information

MARTINEZ EARLY CHILDHOOD CENTER, INC.
SCHEDULE OF EQUIPMENT EXPENDITURES
YEAR ENDED JUNE 30, 2008

Expenditures under \$7,500 Unit Cost		Expenditures over \$7,500 Unit Cost with CDD Approval		Expenditures over \$7,500 Unit Cost without CDD Approval	
Cost	Item	Cost	Item	Cost	Item
\$649	<u>CCTR-7024</u> Refrigerator	\$0	N/A	\$0	N/A

MARTINEZ EARLY CHILDHOOD CENTER, INC.
NOTES TO ADDITIONAL INFORMATION
YEAR ENDED JUNE 30, 2008

NOTE A – BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal and state grant activity of Martinez Early Childhood Center, Inc. and is presented on the accrual basis of accounting. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – CLAIM PREPARATION

Monthly CACFP-F claim forms were prepared in accordance with the Fixed Percentage Claiming Method.

The Fixed Percentage Claiming Method requires each Agency to accurately categorize enrollment data into free, reduced, and base rate categories at least one time at the beginning of the fiscal year. The percentage for each category becomes the percentage used to determine reimbursement for the fiscal year. These percentages may be adjusted by the Agency to accurately categorize enrollment if material changes in the enrollment percentages occur during the fiscal year.

ADDITIONAL REPORTS



Patricia A. Wintroath, CPA

Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

November 18, 2008

Board of Directors
Martinez Early Childhood Center, Inc.
Martinez, California 94553

I have audited the financial statements of Martinez Early Childhood Center, Inc. as of and for the year ended June 30, 2008, and have issued my report thereon dated November 18, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Martinez Early Childhood Center, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Martinez Early Childhood Center, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements, that is more than inconsequential, will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or

material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Martinez Early Childhood Center, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Patricia A. Wintroath, CPA". The signature is written in a cursive, flowing style.

Patricia A. Wintroath, CPA



Patricia A. Wintroath, CPA

Report on Compliance with Requirements Applicable to Each Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133

November 18, 2008

Board of Directors
Martinez Early Childhood Center, Inc.
Burlingame, California

Compliance

I have audited the compliance of Martinez Early Childhood Center, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Martinez Early Childhood Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Martinez Early Childhood Center, Inc.'s management. My responsibility is to express an opinion on Martinez Early Childhood Center, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Martinez Early Childhood Center, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Martinez Early Childhood Center, Inc.'s compliance with those requirements.

In my opinion, Martinez Early Childhood Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of Martinez Early Childhood Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Martinez Early Childhood Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Martinez Early Childhood Center, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, audit committee, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Patricia A. Wintroath, CPA

Patricia A. Wintroath, CPA

MARTINEZ EARLY CHILDHOOD CENTER, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2008

There were no prior year audit findings.

MARTINEZ EARLY CHILDHOOD CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Martinez Early Childhood Center, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Martinez Early Childhood Center, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133*.
5. The Auditor's report on compliance for major federal award programs for Martinez Early Childhood Center, Inc. expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule. (No findings were noted.)
7. The programs tested as major programs include: Department of Agriculture, Child and Adult Care Food Program, CFDA No. 10.558; Department of Health and Human Services, Head Start Enhancement Program, CFDA No. 93.600; Department of Health and Human Services, CCD Block Grant, Child Care Center Program, CFDA No. 93.596.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Martinez Early Childhood Center, Inc. did not qualified as a low risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None